

PROCEDURES AND GUIDELINES

Application for Duty Free Importation of Multimedia Equipment

INTRODUCTION

1. Malaysia Digital Economy Corporation Sdn Bhd ("MDEC") is responsible for the processing of import duties and sales tax exemption applications submitted by Malaysia Digital (MD) and MSC Malaysia Status entities. This incentive is part of the Malaysia Digital (MD) or MSC Malaysia Bill of Guarantee No. 5.
2. Applications submitted by Malaysia Digital (MD) and MSC Malaysia Status entities will be tabled and reviewed by a Committee, known as the Jawatankuasa Pengecualian Cukai Peralatan Multimedia ("JPCPM") comprising officers from the Ministry of Finance ("MOF"), the Royal Malaysian Customs Department ("JKDM"), Malaysian Communication and Multimedia Commission ("MCMC"), Malaysian Investment Development Authority ("MIDA") and MDEC.

EXEMPTION CRITERIA

3. Subject to the provisions under the Customs Act 1967 and the Sales Tax Act 2018, and such conditions as may be imposed by the Minister of Finance, the import by Malaysia Digital (MD) and MSC Malaysia Status entities of Multimedia / ICT equipment and components for direct use in the operation of their Malaysia Digital (MD) or MSC Malaysia approved activities are exempted from import duties and sales tax. MOF's approval in principal for the sales tax exemption is effective from 21 February 2020.
4. The exemption criteria to be met for such Multimedia / ICT equipment and components are as follows:
 - i. Multimedia / ICT equipment;
 - ii. Equipment is not available locally/not locally manufactured;
 - iii. Equipment is not for trading; and
 - iv. Equipment is "directly used" for Malaysia Digital (MD) or MSC Malaysia approved activities
 - v. The MSC Malaysia Status entity complies with the relocation requirement in its Conditions of Grant of MSC Malaysia Status until 24 March 2022¹.

CONDITIONS OF APPLICATION

5. An application will be considered if the following conditions are fulfilled:

¹ New location provision via expansion of location condition for all new MD Status Companies including the existing MSC Malaysia Status Companies was approved by **Government effective from 25 March 2022**.

- i. Effective 6th April 2011, only application for total import duty of RM500.00 and above (per submission) will be considered for exemption.
 - ii. Application is submitted before the importation date or before clearance of equipment from the Malaysia Customs station. Malaysia Digital (MD) or MSC Malaysia Status entity (hereafter will be referred to as 'applicant-') are advised to submit application at least one (1) month before the date of importation or purchase of equipment.
 - iii. Complete application are submitted online via the e-DFI ('Electronic Duty Free Importation') System. Incomplete application will not be processed and will be returned.
 - iv. The Multimedia / ICT equipment is imported directly from the country where the equipment will be imported from.
6. The Committee will review and determine the equipment availability in the local market. If the Committee finds that the equipment can be sourced locally, the equipment may not be recommended for exemption.
7. Please take note that MOF's exemption does not cover the following:
- i. Multimedia / ICT equipment which will be imported via land from Singapore.
 - ii. Multimedia / ICT equipment which will be installed at the applicant's client's sites.
 - iii. Multimedia / ICT equipment which were cleared earlier from the Malaysia Customs station without utilizing MDEC's Acknowledgment Letter with the applicant's Bank Guarantee (i.e. duties have already been paid before submission of application to MDEC).

RETURNED OR DEFERRED APPLICATIONS

8. Application that require further clarification or information will be returned or deferred (KIV) by MDEC.
9. Applicant is required to provide clarification or information required within 30 days from the date of application returned or deferred.
10. If applicant fail to revert with the requested information within the aforementioned 30 days, the application will be cancelled by MDEC and applicant is required to submit a fresh application. Applicant- who have used Bank Guarantee in advance to clear shipment(s) prior to issuance of MOF's official letter will therefore need to bear / absorb the amount lost.

EXEMPTION PERIOD

11. Exemption can be considered for a period of one (1) year from the date the application is received by MDEC via e-DFI. Depending on the applicant requirement, two (2) years' exemption period may be considered.
12. Application for extension of exemption period must be made prior to the expiry of the initial approved exemption period. Applicants are advised to submit the extension application at least one (1) month before the expiry date. If the exemption period has expired, applicants are to submit a new application.

PROCEDURES

13. Effective April 2010, all applications are to be submitted online via the e-DFI System. First time user is required to contact MDEC Client Contact Center (CliC) at clic@mdec.com.my

or 03 8315 3000 to initiate the registration and roll-out process. Please refer to the roll out process flow at page 6 for further details.

14. Once roll out completed, applicant may then submit the application online via e-DFI. Applicant are required to log in e-DFI system and complete all required fields.
15. Applicant must ensure completeness and accuracy of the Application Form and Lampiran C. In view of technicalities involved, applicant normally is advised to engage a freight forwarder to assist applicant in completing the Lampiran C.

Applicant to ensure:

- i. Description of the equipment in the Lampiran C match the description as per equipment invoice.
 - ii. Equipment that are manufactured in ASEAN countries are to be declared under AHTN tariff code (ten digits) in the Lampiran C.
 - iii. Specific function of the equipment and how it relates to the applicants' Malaysia Digital (MD) or MSC Malaysia Status approved activities are to be provided in the Lampiran C.
 - iv. Equipment brochures, and other supporting documents, must be uploaded in e-DFI system.
16. After the application has been successfully submitted online, MDEC will accept the application via e-DFI system and will take not more than seven (7) working days to conduct the necessary assessment and review on the completeness of the application. MDEC will also ensure that the equipment is for the operational use of Malaysia Digital (MD) or MSC Malaysia approved activities as detailed in the applicants' business plan during their application for the award of Malaysia Digital (MD) or MSC Malaysia Status.
 17. Once application is deemed satisfactory, MDEC will issue an Acknowledgment Letter within the aforementioned seven (7) working days. This letter states that the application for duty free importation has been received by MDEC pending JPCPM Committee's review and MOF's approval. MDEC will inform applicants to collect the Acknowledgment Letter at MDEC Headquarter.
 18. In urgent cases, such as when the imported equipment have arrived at the Malaysia port, applicant may forward the Acknowledgment Letter together with a Bank Guarantee to JKDM (to the total amount of duty import tax, plus ten percent (10%) of the total duties) to clear the equipment. Applicants are to apply for a Bank Guarantee through their existing arrangement with their financial institutions. The Bank Guarantee must be made out to 'Pengarah Kastam Negeri' with a minimum validity of 1 year.
 19. Application will be tabled in the JPCPM Meeting for a decision. Subject to Committee's deliberation, MOF will issue an official letter addressed to the applicant..
 20. If the application is approved, applicants can reclaim the Bank Guarantee if it has been submitted earlier to JKDM to clear the equipment before receipt of MOF's official letter. If the equipment has not been cleared yet, applicants may proceed to do so using the official MOF letter. We advise for applicants to check through the list of equipment approved by MOF since there are possibilities that some equipment may not be exempted from duties. In this case, the applicants will have to bear the duties of the disapproved equipment.

SIRIM APPROVAL, IMPORT PERMIT AND APPARATUS ASSIGNMENT REQUIREMENTS

21. Please be advised that any communication apparatus capable of being used for telecommunication, or their motherboards and apparatus to be attached or connected to Public Network or System or licensed network, must obtain approval from SIRIM QAS International Sdn Bhd ("SIRIM QAS"). Approval from SIRIM QAS could either be for Type Approval / Special Approval, Import Permit or both. This approval must first be acquired before applicants are allowed to clear the equipment from the customs station by JKDM.
22. To apply for the above, applicants are to email the technical specifications, brochures, and invoices of the equipment to the following SIRIM officers:
 - i. En Rustam Bin Samsul at rustam@sirim.my (Tel: 03-55445911)
 - ii. CC to En Ahmad Faizan Hj Pardi at afaizan@sirim.my (Tel: 03-55446948)
23. The SIRIM officers will respond and advice whether applicants are required to apply for either :
 - i. Type Approval / Special Approval, or
 - ii. Import Permit, or
 - iii. Both
24. Thereafter, applicants are to visit SIRIM QAS to fill in application forms and for payment of SIRIM fees for the aforementioned approval / permit.

SIRIM QAS International Sdn Bhd

SIRIM Complex, Block 25, 1, Persiaran Dato' Menteri, Section 2, 40911 Shah Alam, Selangor

- Toll Free: 1-300-88-7035(Toll Free)
- Tel: +603-5544 6000(General Line)
- Tel: +603-5544 6400(Helpline)
- Fax: 603-5544 6810

25. '**Apparatus Assignment**' is required for persons or organizations that need to use and/or operate telecommunication apparatus in a specific frequency band, e.g. broadcast or cellular stations. The register of Apparatus Assignment is issued and maintained by MCMC. Enquiries regarding this matter can be made to MCMC at 603-8688 8000.

ADDITIONAL INFORMATION

26. Multimedia / ICT equipment which have been approved by MOF cannot be moved from the approved premise or sold / disposed / donated / exported without prior written approval from JKDM.
27. Applicants are to ensure that the Bill of Lading, invoices, and other importation documents are under the name of the Malaysia Digital (MD) or MSC Malaysia Status entity that is applying for the duty-free importation incentive.
28. Official letters from MOF are sensitive documents and applicants are advised to treat them with care. Applicants are to collect the documents personally from MDEC once ready for collection. MDEC will not deliver the documents via registered post or courier. In cases of lost documents, applicants are to submit a declaration or police report to MDEC, before certified copies can be obtained from MOF.

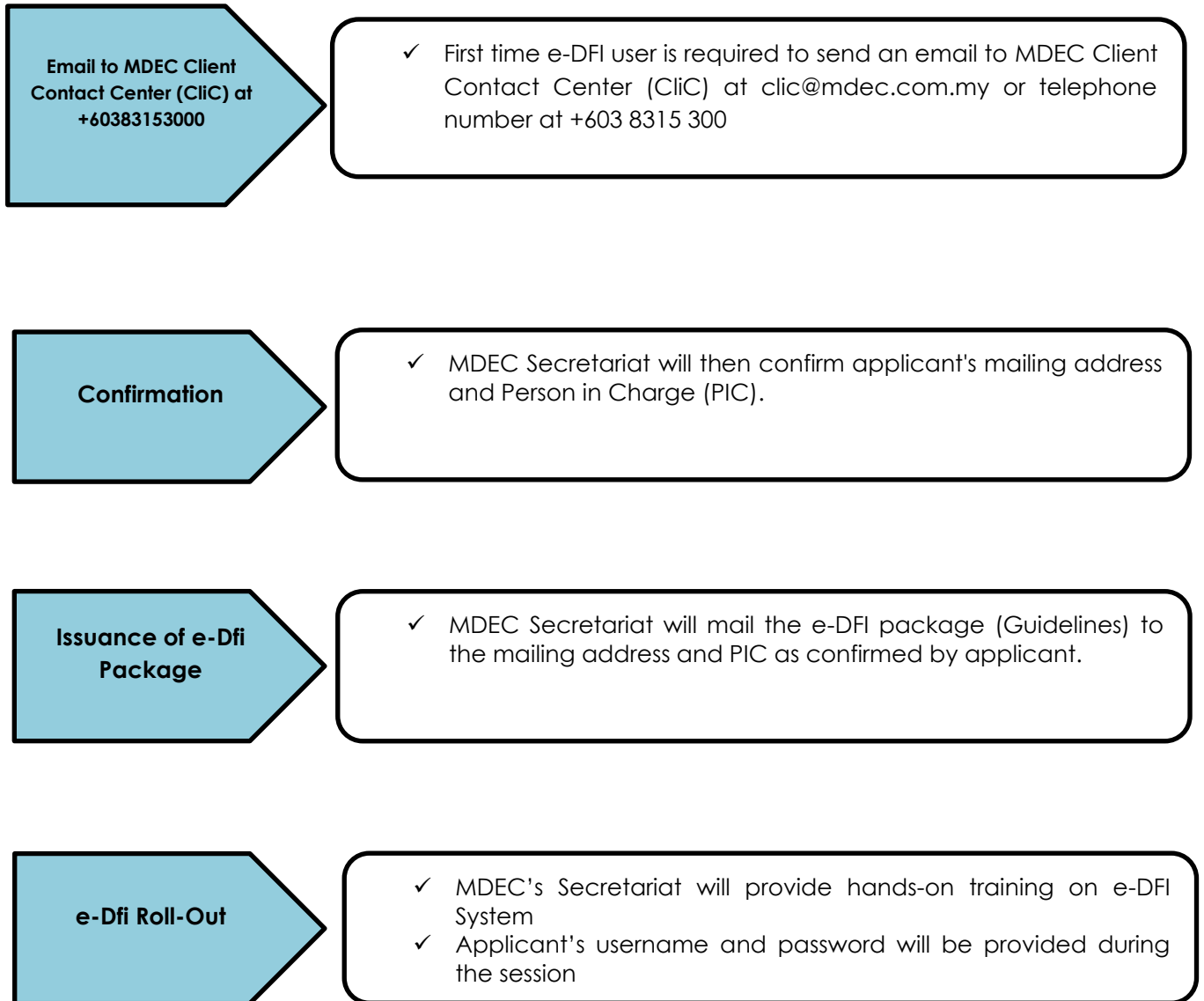
29. For enquiries

MDEC Client Contact Centre:
1-800-88-8338 (Within Malaysia)
+603-8315 3000 (International)
+6 03 8315 3115 (Fax)

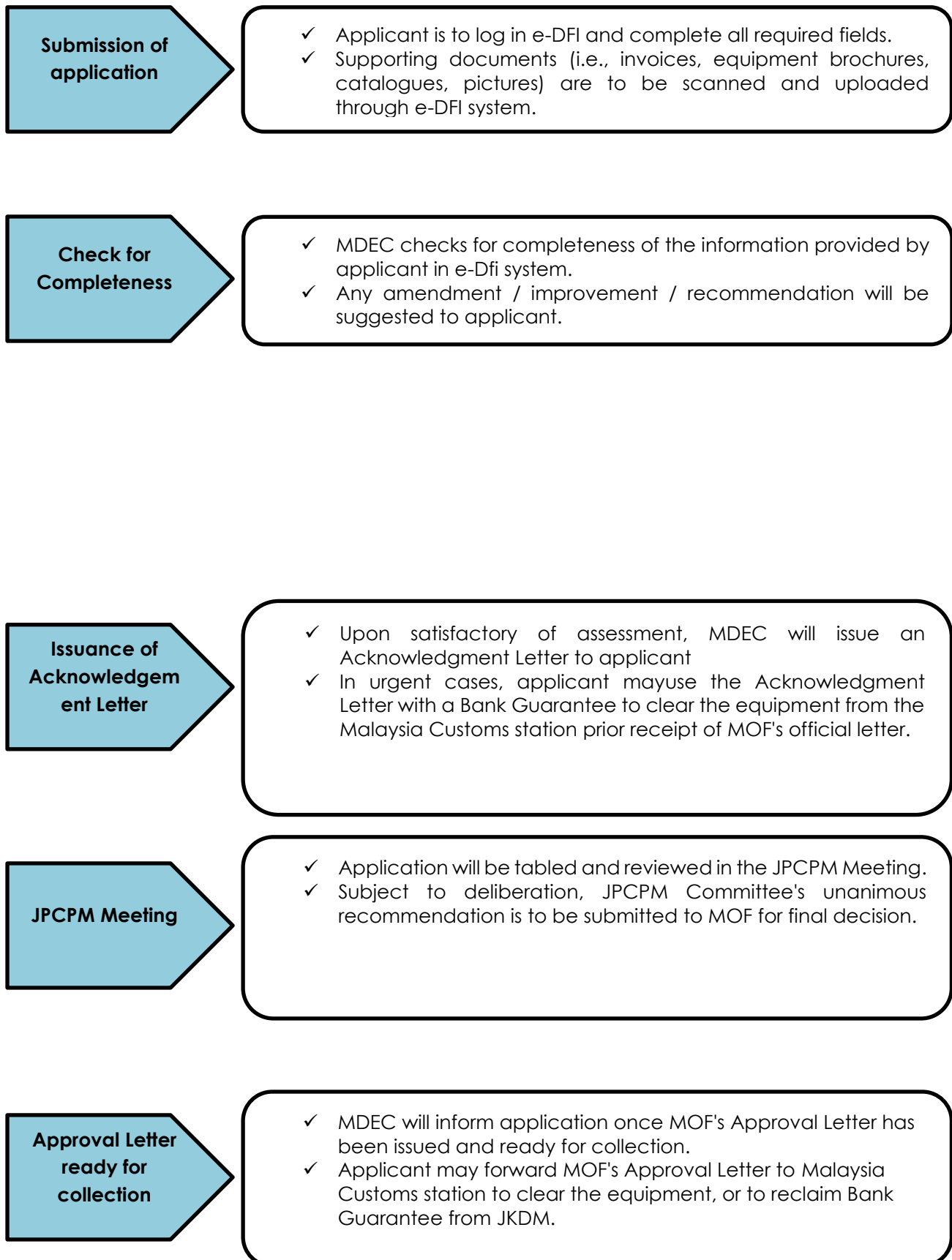
Or email
clc@mdec.com.my

PROCESS FLOW

30. The following is the process flow for e-DFI System roll-out (one-time procedure):



31. Process flow for application form via e-DFI System::



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